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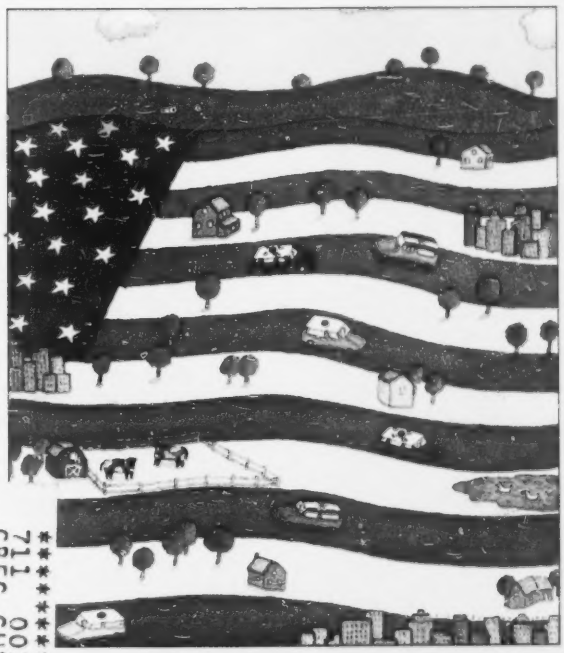
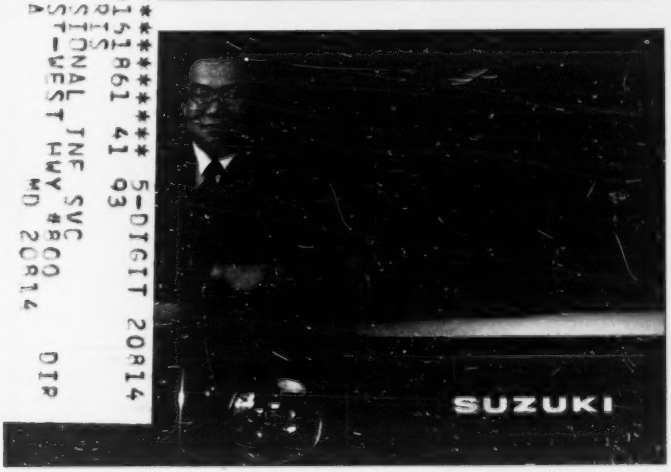
MARKETING & MEDIA Decisions

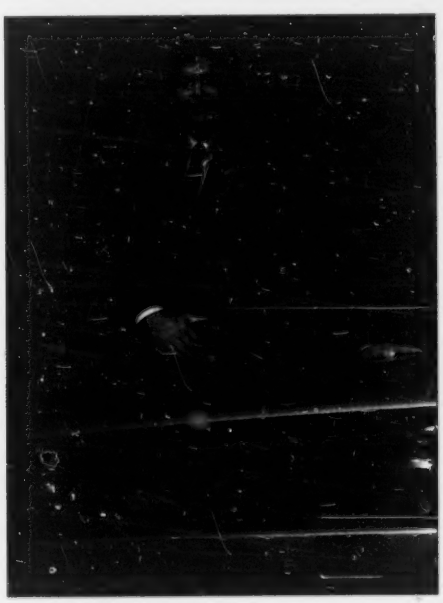
THE IMPORT INVASION: PART TWO



William Prior, president, Yugo America

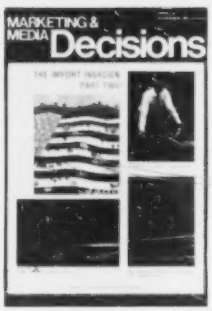


T. Arai, president, Suzuki of America



Max Jamiesson, executive vice president, COO, Hyundai America

Brand Report: Automotive Aftermarket



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HOMEWORK

Consumer interest in financial services

Americans view auto and home insurance as financial necessities, but they see most other financial services as unaffordable luxuries, according to 500 members of *Better Homes and Gardens*' consumer panel.

The latter only owned by 5%.

The *Better Homes and Gardens* survey was conducted among 500 members of its 1,000-member Consumer Panel. A new panel is chosen annually from 5,000 names selected at random from the 7.45 million *BH&G* subscriber base. Results are available from the magazine upon request.

Better Homes and Gardens Consumer Panel: financial products and services

How familiar are you with the following financial products and services?

	Very	Somewhat	Not too	Not at all
Individual retirement accounts	34.4	38.0	9.6	5.0
Money market funds	26.4	35.3	16.1	17.5
Bank money market accounts	26.4	30.3	18.5	17.3
Retirement planning	17.5	38.7	21.2	14.4
Mutual funds	10.6	28.4	26.2	26.2
Variable life insurance	11.1	21.9	30.0	25.7
Tax/estate planning	8.2	20.9	32.5	26.7

In a recent survey on financial services, more than half admitted to paring down their budgets in the past two years, yet more than two-thirds predict their financial condition will improve within the next two years. Another two-thirds have a good idea of the financial products that best fit their needs, and most will shop at multiple sources for these services.

The one outstanding necessity appears to be home and auto insurance. Practically all respondents — 99% — believe it is the most important financial product to guarantee a family's well-being. Next in importance are retirement planning (85%), individual retirement accounts (81%), and financial planning (76%).

Degrees of familiarity with financial products parallel product ownership. Some 76% are familiar with IRA's, 67% with retirement planning, and 60% with money market funds. Respondents know less about tax/estate planning and variable life insurance,

Thirty-five years of media research

Newsweek Inc. has released its second Media Research Index, detailing some 500 major media research reports published during 1950-1984.

The booklet lists the studies, journal articles, conference papers and books in chronological order and is divided into sections dealing with different media. Included are magazines, newspapers, television, radio, new electronic media, intermedia, out-of-home, and general research.

Along with the booklet, Newsweek has created a reference library, open to the advertising community, professors of advertising and marketing and students, with either actual copies of these reports or files on their findings.

Copies of the Index are available for $10, payable to Newsweek, from Wayne Eadie, director of media research, Newsweek, 444 Madison Ave., New York 10022.

The shape of things to come in supermarkets

There will be fewer, but bigger food stores in the year 2000, predicts Richard Neale, vice president of the Newspaper Advertising Bureau.

"Fifteen years ago, the 'superstore' concept did not exist," says Neale in a report on the food industry published by the Bureau. "Today, in the United States, there are 5,000 'superstores,' which are three or more times the size of the average supermarket. These stores represent only 3% of the nation's 160,000 food stores, yet they generate 30% of sales. By 2000 A.D., the total number of stores will account for 50% of sales."

A key factor, says Neale, will be the change in the population mix — especially the increase in the over-45 age group. While the under-18 and 18-44 age groups will shrink in relative size, the over-45 segment will jump from 30% today to 36% in 2000.

These older consumers are different from the aged poor of the Depression, with sophisticated tastes and the means to satisfy them, says Neale.

"It's easy to predict much larger markets for all kinds of nutrition products and for upgraded convenience products, and for sizes that fit one- and two-person households. These tend to be relatively higher-priced, and higher-margin, items."

The report, entitled "Toward Tomorrow," covers other predictions and projections concerning the future of the food industry; a consumer survey of 5,000 homemakers conducted by the Home Testing Institute on food shopping habits and trends; a survey of food retailer advertising; and brief market reports on the 15 largest food retail companies. Copies of the report are available from the NAB, 1180 Avenue of the Americas, New York, for $15 each.

NEW ELECTRONIC MEDIA

L'Oreal's video style

In a first for the cosmetics industry, L'Oreal is offering in-store videos to food, drug and mass merchandiser outlets on a national level.

Program originator Joyce Blackburn, brand manager, claims the store response has been "overwhelmingly positive," with the video helping to move substantial numbers of units. In exchange for the video, a three-minute continuous loop called "A Day in the Life of Deidre McGuire," who is L'Oreal's model, the trade must meet certain requirements. "In return for this proven traffic builder, we expect those participating stores to put up an end cap [end of aisle display] which exclusively features the L'Oreal Freehold styling mousse; maintain that display for a prescribed time period, and order a certain number of units," says Blackburn.

Currently 300-400 stores run the video each month. The program is coordinated with L'Oreal to provide what Blackburn terms "a synergistic marketing program."

L'Oreal works with in-store personnel to determine special price features, arrange co-op advertising plans and create attractive displays.

Participating chain outlet Pathmark reports moving "truckloads" of units due to the video display feature running in all its stores.

Viewership gains of ad-supported cable

Viewership of advertiser-supported cable nets is the fastest growing of all tv programing segments, claims the Cable Advertising Bureau. Nielsen-metered data for the first half of 1985 demonstrates the substantial gains made by ad-supported services in both all-cable and pay-cable households, as well as continuing strength against all competition, as indicated in the table below.

Total Weekly Viewing Per Household (24 Hours)

In All Cable TV HH	1st Half 1984 Hrs:Mins	1st Half 1984 Share	1st Half 1985 Hrs:Mins	1st Half 1985 Shares	% Change '84 vs. '85
Satellite Networks	7:11	13	8:01	15	+11
Superstations	4:49	9	4:58	9	+ 3
Total Ad-Supported Cable	12:00	22	12:59	24	+ 8
Pay Services	6:02	11	6:00	11	– 1
Network Affiliates	32:52	58	30:40	56	– 7
Independents	7:19	13	6:58	13	– 5
Public	1:30	3	1:42	3	+13
Total Usage	**56:17**		**55:01**		– 2
In Pay TV HH					
Satellite Networks	8:06	14	8:58	15	+10
Superstations	4:50	8	4:58	8	+ 3
Total Ad-Supported Cable	12:56	22	13:56	24	+ 8
Pay Services	10:19	17	9:58	17	– 3
Network Affiliates	32:02	54	29:37	51	– 8
Independents	7:46	13	7:28	13	– 4
Public	1:28	2	1:37	3	+10
Total Usage	**59:43**		**58:23**		– 2

Minutes do not sum to Total Usage due to Multi-Set Households
Source: A.C. Nielsen. Prepared by Cabletelevision Advertising Bureau

Cable's unsold inventory

High levels of unsold inventory still plague cable nets, putting a damper on local and national markets. Some networks, claiming 50%-75% unsold inventory, cite pressure to flesh out inventory with paid spots (as opposed to per-inquiry slots) as being responsible for cable's generally lower CPM's when compared with broadcast rates. High inventory and lower CPM's leave cable with a smaller ad buy than it rightly deserves when measured against the size of the viewing audience.

Latest count by Paul Kagan Associates shows local cable ad sales operations have 1,430 30-second spots to sell daily, up 7.4% from last year. The bulk of that growth comes in the 6 p.m. to 6 a.m. Eastern Standard Time period as networks like Black Entertainment TV, Nickelodeon and FNN attempt to support their 24-hour formats. Also, the launch of VH-1 added 96 30-second spots each day to local avail inventory.

On the national level, excess spot inventory puts a chill on ad revenue. The 23 cable nets surveyed by PKA account for a yearly industry inventory of 1.3 million 30's — an average of 133,500 per network!

FREE
QUARTZ WATCH!
$20 Value
Call and order cable today and you'll get more than just 25 great cable channels including HBO. You'll also get your choice of one of these quartz sports watches. Absolutely FREE!
Normally priced at $20, these watches feature quartz movements and sweep second hands. Just pick the watch that best fits your mood, your wardrobe or your lifestyle. It's up to you.
But hurry. Time is running out. This offer ends November 15th.
Advance

Group W Cable offers timely devices as a lure to basic subscriber sign-ons.

Basic cable gets fancy and learns to sell itself

Cable system operators are readily adopting product marketing techniques to lure in new customers for their basic cable services. Will such efforts help untangle cable's confused market image?

Is cable going to short-circuit itself or is it finally going to get its wires straightened out? That's the question still to be answered after a decade of sometimes dazzling, but often disappointing performance.

The promise and problems of cable are legion, but few are as prominent as its seeming inability to successfully market itself. The industry's initial obsession with technology and immersion in city council franchise wrangles took precedence over the designing of marketing programs to lure new subscribers. That mentality has hurt.

With cable's subscriber growth slowing, the industry is facing tasks which require marketing skills rather than technical acumen to upgrade its public image and convince reluctant consumers that cable has something for everyone.

A good part of the explanation for this subscriber slowdown is that most major areas have been wired or "passed" for cable service, and that those most eager to sample alternative programing have already signed on. But in order to attract new advertisers, multiple systems operators (MSO's) must convince recalcitrant consumers who passed up the opportunity before to now subscribe.

MSO's are now rallying to that task, culling the talents of advertising professionals and consumer product marketers to design targeted campaigns. Such a multi-faceted approach to marketing includes:

- Emphasizing basic service over pay channels. MSO's are finding that there is a ceiling people will pay for viewing services. And, too, there has been general public disenchantment with many of the pay services.
- Utilizing multimedia campaigns. MSO's are using direct mail, radio, newspapers, and tailoring the industry's Council of Cable Information strategies to each local system.
- Selling the individual program

Top 10 MSO Subscriber Growth, 1982-1984
(millions)

MSO	1984 Basic	1984 Pay	1983 Basic	1983 Pay	Annual Growth Basic	Annual Growth Pay	1982 Basic	1982 Pay	Annual Growth Basic	Annual Growth Pay
Tel-Comm	3.578	2.612	2.766	1.949	16.5	25.4	2.138	1.350	22.7	30.7
ATC	2.500	2.300	2.400	1.900	4.0	17.3	n/a	n/a	22.9	30.7
Group W	2.046	1.555								
Cox Comm.	1.538	1.556	1.445	1.527	6.0	2.0	1.291	1.267	10.6	17.0
Storer	1.502	1.495	1.371	1.404	8.7	6.2	1.163	1.283	15.2	8.6
Warner-Amex	1.196	.938	1.360	1.300	(13.7)	(38.5)	n/a	n/a		
Times-Mirror	.988	.855	.922	.760	6.7	11.1	.793	.525	13.9	30.9
Continental	.965	1.105	.748	.884	22.4	20.0	n/a	n/a		
Newhouse	.889	.910	n/a	n/a			n/a	n/a		
Viacom	.792	.644	.728	.587	8.0	8.8	.613	.472	15.8	19.6

Source: LINK Resources Data through yearend, except for Group W which is to March 31, 1985

rather than the package. Previously, most MSO's bombarded potential subscribers with all the programing possibilities cable offered. Tailored pitches are now perceived as more effective.

- Using sophisticated research. Some MSO's are using services such as PRIZM to segment potential subscriber universe. Campaigns are then tailored to reach these pinpointed groups.
- Bundling other services into the cable package. Jones Intercable, for example, is offering a VCR package to those signing up for cable service.

Clearly, the industry is scrambling to get a handle on what its chief selling points are, and, conversely, what misperceptions it generates. "Television is an emotional issue," says Scott Wills, president of Wills & Evans, an ad agency which handles some of the top MSO's. "There are tremendous attitudinal problems about tv in general." In selling cable, "you are offering people what they perceive as yet another temptation to watch more television, and therefore you have additional obstacles to overcome. Our task is to convince people that cable is not for couch potatoes."

These problems, plus the decline in franchise awards, new builds, and the slowdown in the rate of revenue growth, are promoting MSO's to become more focused and efficient. "There will be a managerial restructuring with tighter controls over operations, leaner staff and greater reliance on productivity incentives," predicts David Rosen, analyst with Link Resources. "There will be increased marketing and sales activities, with more attention to promotion and customer services. Targeted activities will be directed toward resisters, raising retention levels with renewals, and extending services to achieve revenue flow of $20-30 per subscriber per month." Currently, subscribers pay an average $10-13 a month for basic cable.

Something for everyone from ATC.

One of the biggest changes in approach is emphasizing basic service over the pay channels. "The systems found they had peaked in selling additional pay services to current subscribers since there appeared to be a ceiling as far as how much subscribers were willing to pay for additional services," notes Wills. "The industry has just begun to shift focus to that 50% of the market not subscribing, and to target marketing toward their special needs."

What was needed was a sales pitch that conveyed quality programing on basic cable, not clutter about quantity of programs and pay options. Nimrod Kovacs, vice president of marketing, programing and communications for United Cable Television, says pay has gotten significantly more difficult to sell than basic since the competitive environment has changed. "Initially, pay services represented clearly defined benefits which the proliferation of VCR's has since challenged," Kovacs comments. "And pay is not a substitute for going to the movies or a

show. This disillusionment, coupled with the rise in VCR usage, has softened its value."

This new strategy for basic acquisition involves addressing people's perceptions about themselves and their media habits and the delivery of more program-specific messages. Says Margaret Richebourg, vice president of sales and marketing for Group W, the third-largest MSO, "People tune into programs, not channels, so our message must be program specific. We as an industry are just beginning to do a better job of defining cable by specific programs on the basic channels."

Concerning the image-remaking of cable, Ajit Dalvi, vice president of marketing, planning and development for Cox Cable notes, "Selling cable to people involves an awareness of the way they perceive themselves, which is principally that they do not watch enough tv for it to be an important part of their lifestyle. Actually in our market research we found that those same people have the tv on for 5.5 hours per day. That type of awareness which is a major hurdle to getting nonsubscribers to purchase cable helps us with marketing programs and in fine tuning existing selling approaches."

Many cable industry execs are calling upon their past experience in advertising and in packaged goods promotion to devise creative ways of catching the consumer's eye. United's Kovacs says his background in advertising (Doyle Dane Bernbach on American Airlines and Hershey accounts; Grey Advertising for General Foods; Wells, Rich, Greene for Ralston cereals, Alka Seltzer and the New York State Department of Commerce) gives him an edge in the cable business. "Selling packaged goods translates well to cable. Agency experience gave me flexibility and exposure to many ways of doing business, which works for cable where there are no cookie-cutter solutions," he says.

"People tune in programs, not channels, so messages must be program specific. That's the key to acquisition and retention."

MARGARET RICHEBOURG
vice president, sales and marketing,
Group W Cable

To better target potential subscribers, the industry is turning to sophisticated marketing tools for cluster information, and rallying its own trade organizations to assist in developing strategies.

The Council for Cable Information (CCI) committed $6 million toward its February/March prime time tv and radio campaign aimed at clarifying misperceptions about cable. The program involved an image awareness and attitudinal campaign to soften the market as well as the providing of materials to local systems to make the sale. CCI is supplying the systems with current 60-second tune-in ads of each basic service's upcoming programs and specials. Within the :60 spot is a :20 "donut" available for local inventory or cross-channel promotion. CCI's $750,000 radio blitz campaign commenced in late August on six major radio networks. Dubbed "American Achiever," the campaign, which was created by Wills & Evans, consists of three :30 national spots and two :60 second local spots with open tags for customized copy by local operators. During the eight-week flight, over 1,300 spots are scheduled in AM and PM drivetime, early AM, midday, and evening, as well as during radio specials and concerts. CCI also has its sights on a $12 million network broadcast tv and radio campaign starting in the first quarter 1986.

Integrating within the local environment is an important marketing application for cable, says Storer Cable's director of marketing Victor Harrison, whose 100 systems serving 1.5 million basic subscribers participated in the CCI umbrella campaign. Using the CCI copy and photos, Storer developed "a full-fledged multi-media campaign," says Harrison. That campaign, based on the slogan "I want you" also involved national incentive contests for all Storer's employees in 18 states who come into contact with consumers. The result: a doubling of its projected subscriber acquisition. The reason for such success, says Harrison, is participation at the local level by Storer personnel. "Community involvement benefits the company, community and subscri-

Top 10 MSO Performance, 1984

Company	Systems/States	Basic Subs. (mil)	Pay Units (mil)	Homes Passed (mil)	% Basic /HP	% Pay /Basic
Tel-Comm.	600H (43)	3.578	2.612	6.297	56.8	73.0
ATC	451F (40)	2.500	2.300	4.500	55.0	92.0
Group W	135S (33)	2.046	1.555	3.849	53.3	76.0
Cox Comm.	50S (24)	1.538	1.556	2.702	56.9	101.0
Storer	140F (18)	1.502	1.495	3.358	44.5	99.5
Warner-Amex	102S (21)	1.196	.938	3.510	44.1	78.4
Times-Mirror	56S (16)	.988	.855	1.986	49.7	86.5
Continental	69S (11)	.965	1.105	1.735	55.6	114.5
Newhouse	67S (19)	.889	.910	1.432	62.1	102.4
Viacom	18S (7)	.792	.644	1.398	57.0	81.3

Code: F = Franchises, H = Headends, S = Systems
Data to yearend 1984, except Group W which is to March 31, 1985.

Source: LINK Resources

Top 10 MSO Financial Performance, 1983-1984
(millions except growth rate)

Company	1984 Rev.	1984 Earn/Income	1983 Rev.	1983 Earn/Income	Ann. Growth Rate Rev.	Ann. Growth Rate Earn.
Tel-Comm.	449.4	17.4	347.3	20.5	22.5	17.8
ATC*	1,255.0	212.0†	1,081.0	215.0†	13.8	1.4†
Group W	984.9	71.2	852.2	47.8†	13.4	32.9
Cox Comm.	405.1	54.6†	337.4	45.4†	16.7	16.8†
Storer	352.1	n/a	291.1	n/a	17.3	
WACCI**	941.3	(11.5)	834.6	(71.8)	22.7	83.9
Times-Mirror	251.5	37.9	154.0	15.3	33.8	59.6
Continental#	n/a	n/a	n/a	n/a		
Newhouse#	n/a	n/a	n/a	n/a		
Viacom	183.7	27.6	151.4	22.2	17.6	19.5

* ATC includes HBO and Cinemax
** WACCI includes cable and broadcast divisions
† Income is used
# Continental and Newhouse are privately held companies and financial data was unavailable

Source: LINK Resources

bers," he claims. "Cable is a service-oriented, consumer-oriented business."

In order for a large promotion to be successful it must be well coordinated with a good balance between electronic media tactics and direct marketing promotion tactics, notes Harrison. "The systems operators must use guerrilla marketing techniques in the field. Cable is a transactional business and as such the important sales efforts must be at point of purchase where it all happens."

The company is continuing its efforts at basic acquisition with a variety of local charity-oriented campaigns. In August, a muscular dystrophy fund-raising campaign acted as an umbrella approach to gaining subscribers. With a $5 donation to the Muscular Dystrophy Association, nonsubscribers got a free installation; subscribers got an additional pay service for a designated period. During a one-month time frame, Storer systems already had raised $20,000. The MSO plans a November/December drive called "Toys for tots." With a toy donation to a community organization, a free or half-price installation or upgrade is in the offing.

ATC, America's second-largest MSO and a part of Time Inc.'s Video Group (the other major units are its premium pay services, HBO and Cinemax) launched the industry's largest basic acquisition campaign. The company turned to PRIZM data to come up with psychographic and demographic profiles of the nonsubscriber universe, then compressed PRIZM's 40 psychographic profiles into four target audiences. Such segmentation enabled the MSO to send direct mail into franchise areas delineated by PRIZM tracks to improve the likelihood of delivering their message to the right audience, says Steve Ste.-Marie, ATC's vice president of marketing. "Marketing to new subs gives us more leverage as opposed to remarketing current subscribers to take on additional pay services," says Ste.-Marie. "It's easier to acquire a nonsubscriber than to get someone who is already paying us $20 a month to pay $30."

> **"Marketing to new subs gives us more leverage as opposed to remarketing current subscribers to take on additional pay services."**
>
> STEVE STE.-MARIE
> vice president of marketing,
> ATC

Ste.-Marie whose career includes past positions in product management with Standard Brands and marketing with Pepsi Cola USA, has been steering the company into targeted multimedia campaigns over the past 18 months using all the principals of segmented marketing for direct mail, newspaper, radio and tv ads. ATC's fall campaign, which won CTAM's Grand Tam for general advertising campaigns, was orchestrated with Wills & Evans. The target: ATC's 4.6 million homes passed (of which 2.3 million are current subscribers), using specific materials incorporating PRIZM cluster info and Opinion Research Corporation data to penetrate a four category universe. These four groups are: the Prove-Its (hard core resisters); Tv Lovers, who tend to be more receptive; the Young and Busies; and the Older Resolves, who are more set in their ways.

The campaigns targeted those particular groups' concerns. To the Young and Busies, ATC conveyed the message that cable offers a sense of control over one's viewing habits as opposed to feeling at the mercy of the medium, explains Ste.-Marie. Tv Lovers, already predisposed to the product category, related to the message conveying cable's variety and choices. For that group, though, price was a concern. The direct-mail pieces therefore specified the average price of $10-12. ATC addressed the Prove-Its' concerns of managing tv viewing, characterized by a concern over R-rated programing, sex and violence by emphasizing family, children's and informational shows.

And to the Older Resolves, who are tv viewers but concerned with R-rated shows and price, the messages addressing those issues were conveyed in language that group can relate to. For instance, explains Ste.-Marie, classic films were referred to as old movies, and shows were described as theater. Ste.-Marie explains, "That kind of word-smithing makes our message more understandable to that group."

Eighteen of ATC's 23 divisions undertook ATC's spring campaign termed, "Everybody loves something about cable." Says Ste.-Marie, "The

Continued on page 143

to introduce a brand at the same time with almost exactly the same chemical formulation that worked equally well.

The obvious way to introduce AMMO was to scream as loud as possible about a breakthrough and hope the noise and braggadocio would drown out the competition. This is exactly what AMMO's competitor did. They not only spent 50% more on media exposure. This headline will give you a feel for their creative approach: "Introducing Cymbush! There's never been cotton insect control like this! The ultimate has arrived!"

In positioning parlance, this is known as the "firstest-with-the-mostest" strategy.

Nevertheless, our Benefit Testing indicated that growers are not only skeptical about what they view as Madison Avenue hype, they are turned off by it. (Other research we have conducted indicates that this is the case with much of the American public.) Growers told us to stay away from sensationalism. They said we'd have a better chance of getting their attention if we gave them practical and specific information about how the product could benefit them. Hence our approach exemplified by this headline: "AMMO. It takes care of 16 cotton insects and seven cotton insecticides." In other words, there was no longer any need to go the effort or expense of using several different brands.

AMMO became the top-selling brand in its category that first year, and captured 20% more market share than its loud-mouth competitor. This happened even though both brands were priced the same and had equally good distribution.

Which leads me to the moral of this story. Time and again our tracking studies show that media exposure leads to awareness and awareness leads to sales. But those same studies also show that the message that is plugged into media exposure makes a tremendous difference. They show that a benefit that's relevant to prospective customers is the most cost-efficient way to add muscle to your media — and with competition increasing as it is, your media and mine need as much muscle as they can get. ■

TELEVISION
By STEVE STERNBERG
Manager of broadcast research
McCann-Erickson

The networks and VPH

It has been well documented that network television underdelivers in pay cable homes. These homes, which are younger, more upscale and have larger families, are generally heavier con-

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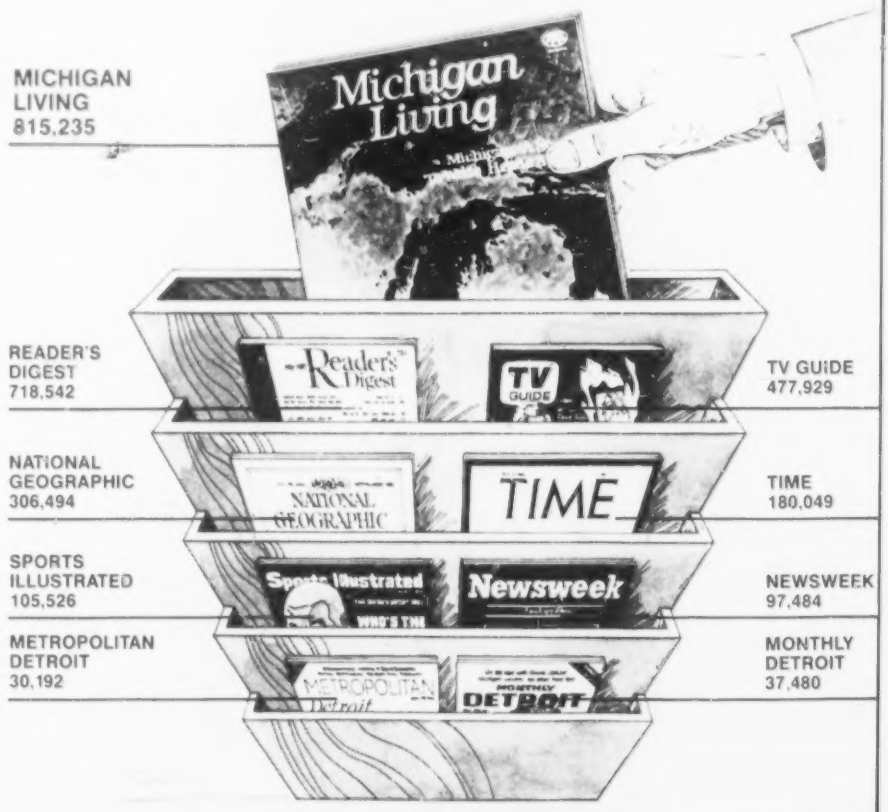
Source: ABC Audited Statements, Dec. 31, 1984



sumers. These homes also have the greatest number of alternate (non-network) viewing options.

Last year, McCann issued an internal report outlining specific methods of offsetting network underdelivery in pay cable homes, exclusive of alternate viewing options. The major finding at the time was that prime time programs, airing Monday through Thursday, with adult 18-49 VPH's (Viewers Per Household) of .90 or higher perform well above average in pay cable homes (relative to total U.S.).

One possible reason for the strong correlation between high adult 18-49 VPH's, and a high pay cable index (pay cable rating divided by total U.S. rating) is the higher concentration of adults 18-49 in pay homes (56%) versus total U.S. homes (49%). (See chart A.)

Since adults 18-49 comprise such a large portion of the average pay cable household, it is logical to assume that programs with high concentrations of 18-49-year-old viewers will perform well in these homes.

CBS's poor performance in pay homes probably stems from the network's traditionally weak adult 18-49 viewer concentration, i.e. low adult 18-49 VPH. (See chart B.)

Note that both NBC's average adult 18-49 VPH and its pay cable index were both down from last year. This seems to indicate a correlation between the two. While CBS's adult 18-49 VPH did go up versus a year ago, it was still so low that the network's pay cable index was relatively unaffected.

Although admittedly an arbitrary cut-off point, nine of the eleven regular series, airing Monday through Thursday, between October 1984 and April 1985, with an average adult 18-49 VPH of .90 or higher, overdelivered in pay cable homes. (See chart C.)

As you can see, whereas prime time, as a whole, underdelivered by about 10%, the programs selected based on an adult 18-49 VPH of .90+, on average, overdelivered in pay cable homes by 4%.

Last season, with one exception (again, *Remington Steele*), the pay cable indexes of programs with adult 18-49 VPH's of 90 or more ranged from 98 to 114. In fact, over the past three seasons, 25 of 30 programs with .90+

A. Pay Cable Homes vs. Total U.S.

Pay Homes	Persons 2+	Children 2-11	Teens 12-17	Adults 18-49	Adults 50+
(000)	65,650	10,900	6,710	37,060	10,960
	(100%)	(17%)	(10%)	(56%)	(17%)
Total U.S. Homes					
(000)	222,370	32,870	21,070	109,830	58,600
	(100%)	(15%)	(9%)	(49%)	(26%)

B. November 1984-March 1985 Prime Time Pay Cable Performance by Network (Regular Programing)

	Total U.S. Rating	Pay Cable Rating	Pay Cable Index	(Last Year)	Adult 18-49 VPH	(Last Year)
ABC	15.7	14.0	89	(96)	84	(87)
CBS	17.2	14.5	84	(85)	78	(75)
NBC	16.2	15.7	97	(91)	94	(87)
Network Avg.	16.4	14.7	90			

C. Prime Time Programs with Adult 18-49 VPH's of .90+ (October-April)

Network	Programs	Total U.S. Rating	Pay Cable Rating	Pay Cable Index
NBC	Hill St. Blues	16.6	18.8	113
NBC	St. Elsewhere	13.4	14.0	104
NBC	Night Court	17.4	20.2	116
NBC	Cheers	19.7	23.0	117
ABC	Dynasty	24.8	25.1	101
NBC	Remington Steele	16.9	15.0	89
NBC	Family Ties	22.0	24.6	112
NBC	Riptide	19.0	15.9	84
NBC	Bill Cosby Show	24.2	25.2	104
CBS	Charles in Charge	13.5	13.7	101
ABC	Hail to the Chief	18.5	18.6	101
	Average	**18.7**	**19.5**	**104**

D. Prime Time Programs with Pay Cable Indexes of 100+ (October-April)

Network	Program	Pay Cable Index	Adult 18-49 VPH
NBC	Hill St. Blues	113	1.08
NBC	St. Elsewhere	104	1.01
NBC	Night Court	116	.99
NBC	Cheers	117	.98
ABC	Dynasty	101	.90
NBC	Family Ties	112	.92
NBC	Bill Cosby Show	104	.90
CBS	Charles In Charge	101	.90
ABC	Hail To The Chief	101	.99
CBS	Dreams	102	.78
ABC	Paper Dolls (10 p.m.)	104	.85

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adult VPH's had pay cable indexes of 98 or higher (19 were over 100).

To further emphasize the pay cable index/adult 18-49 VPH correlation, we see that not only did nine of the 11 programs with adult 18-49 VPH's of .90+ achieve pay indexes of over 100, but nine of the eleven programs with pay cable indexes over 100 had adult 18-49 VPH's of at least .90. (See chart D, pg. 95.)

Over the past few years, the prime time daypart had consistently underdelivered in pay cable homes by about 10%. There have, however, been a number of programs that have performed as well or better in pay homes as in the total U.S.

We have looked at program type, program length, time period, night of the week, etc., and have found only one consistent discriminating factor. Virtually all programs with pay cable indexes over 100 have an adult 18-49 VPH of .90 or higher.

If pay cable underdelivery is a concern, a concentration of programs with projected adult 18-49 VPH's of .90+ should reduce its severity. ■

MAGAZINES
By DONNA CAMPANELLA
Vice president, media director,
Cato Johnson Y&R

The rise and (short) fall of rate bases

The sacred cow is no longer a sure bet. The magazine rate base, once an unquestioned part of media life, is no longer beyond reproach. Whereas a planner used to be able to develop a magazine schedule and rest assured that the plan would deliver the estimated audience, it has now become a more risky proposition because of fluctuating monthly circulations and underdelivery. Planning magazines today requires more in-depth analysis than ever before. There is a need to analyze the magazine's monthly circulation on an issue-by-issue basis to ascertain if rate base has been achieved and the audience delivered. Not only are these circulation shortfalls having a profound effect on the magazine industry as a whole, but they may also affect the way future magazine schedules are planned.

It's no secret. Many large magazines are failing to meet their rate base. For the first half of 1985, according to the Audit Bureau of Circulations (ABC), one third of the nation's 89 major magazines showed circulation losses. Of these, 25 were down in single-copy sales. We're not talking about magazines such as *Tiger Beat* or *True Romance* that rarely get on the schedules of many major brands. Well known and respected magazines such as *Reader's Digest, Playboy, Newsweek, TV Guide, Time, Woman's Day* and *Family Circle*, to name a few, all showed circulation shortfalls primarily due to single-copy sales.

This loss in circulation, primarily due to slumping single-copy sales, can be a result of many things — resistance to cover price, too many options, (either from other magazines or other leisure activities), weak covers, or the added frequency of issues. However, the end result is that an advertiser is not getting the audience he has paid for if a magazine fails to deliver its guaranteed circulation rate base.

The media community can no longer ignore this issue. Performing a post-buy analysis on an issue-by-issue basis to determine if, on average, there is a need for credits based on circulation shortfalls is only one small step in the overall problem. It's akin to locking the barn door after the horse is stolen. It's a short-term solution to a larger, long-term problem.

The quantitative criteria for analyzing magazines includes circulation, composition, coverage and CPM — some of which are usually based on averages from the magazine's latest six-month ABC statement. While the circulation variances are factored into

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the coverage numbers, most planners are not cognizant of these fluctuations. Rather than solely relying on a computer printout, it is also necessary to analyze magazines on delivered vs. projected rate base circulation. Knowing if a magazine has or has not been meeting rate base, by how much and why, are important factors that cannot be ignored. While overall circulation increases/decreases may ultimately be averaged out in the end, there still are wide variances issue by issue.

Let's say that you're planning a packaged good product whose target is women 25-49. The traditional Seven Sisters, among others, would be analyzed. Let's assume that this will be the only time within the fiscal year that your brand will use print and the advertising will be scheduled during the month of May. In addition to analyzing the magazine's composition, as well as circulation and coverage based on the latest six-month ABC statement, an overall circulation analysis of each book is done, concentrating particularly on the May issue. A four-year history of these seven books from 1981-1984 indicates that each book, with the exception of *Good Housekeeping*, missed rate base at various times throughout the period, with *Woman's Day* and *Family Circle* showing the biggest fluctuations.

Women's Service Field
Number of Issues That Did Not Meet Rate Base*

	1981	1982	1983	1984	1981-1984 Total
McCall's	1	1	—	1	3
Family Circle	9	10	9	12	40
Woman's Day	12	10	7	13	42
Better Homes and Gardens	1	2	3	3	9
Ladies' Home Journal	4	—	—	—	4
Redbook	3	4	—	—	7
Good Housekeeping	—	—	—	—	—

* Note Family Circle has 17 issues per year, Woman's Day has 15 and all others have 12.

A closer examination of circulation for the month of May, since this is the issue you would be buying, indicates overall strength for all magazines except the two store books. *Woman's Day* and *Family Circle* show wide variances in overall shortfall or bonus circulation, particularly if more than one issue was published that month. The four year average for May in *Family Circle* showed a 20% shortfall, whereas *Woman's Day* was down 30% in circulation. As magazines which rely solely on single-copy sales, these books are at the mercy of the buying public.

As a result of this analysis, both *Woman's Day* and *Family Circle*'s circulation and audience coverage and CPM should be adjusted to reflect these fluctuations. If these revised numbers are analyzed at the planning stage, they may be more indicative of the audience to be delivered in these magazines during this particular time period. As a result, the ranking criteria of books may be altered, resulting in a different recommended print list.

What I am suggesting need not only be done if one particular issue of a magazine is to be purchased. This process should be analyzed for all magazine planning. An analysis of issue-by-issue delivery vs. rate base circulation guarantee can yield more surprises than the ingredients in a truck stop's meatloaf!

Given fluctuations by issue, analyzing magazines based on their latest six-month ABC statement and using these numbers for annualized planning may not be indicative of a magazine's seasonal circulation condition. It may also not be the best way to plan. If a magazine traditionally has underdelivered on circulation during the first three months of the year, then different numbers should be used for first quarter vs. the other quarters. While one may argue that annualized averages all come out even in the end, this may not be true based on fluctuating circulation shortfalls and increases.

To some, what I'm suggesting would be comparable to memorizing the entire dictionary — something that

would be time consuming and tedious. It would require issue-by-issue circulations analysis of each of the major books being considered on a schedule. This information can be readily culled from the magazines themselves.

What this would also require are revised coverage figures for each book to be fed into the computer for reach/frequency purposes.

This, to me, is a small effort to make to insure that the best possible print list is selected and delivered for a client's brand. In addition, this added analysis may not be necessary for each plan. The magazines being considered and the overall circulation fluctuations over the years will determine the necessity.

There is one other way to tackle the problem of magazine shortfalls and their effect on the planning process. The solution lies with the magazines themselves. It is the magazines that set policy as to guaranteed rate bases, cover price, methods of gaining subscriptions, etc. It is the savvy magazine publisher who analyzes the circulation history and announces a cut in circulation when deemed necessary. This adjustment was recently made by *Reader's Digest*. Now that this publishing giant has taken this major step, will other magazines follow suit?

A few years back both *Family Circle* and *Woman's Day* announced fluctuating seasonal rate base guarantees, recognizing the seasonality involved in the purchase cycle of magazines, particularly in regards to single-copy sales. They must again reassess their situation. As already stated, both books have had significant shortfalls in circulation over the years, especially when analyzed on an issue-by-issue basis. While, as of this writing, there is speculation from these two magazines regarding circulation decreases and circulation guarantees, to date, nothing has been formally announced.

Magazine planning should be a precise, disciplined science. It should not be a hit or miss exercise that's dependent on the whims of the consumers who may or may not buy a particular magazine each month. Remember the old adage, "What you see is what you get." Let that truly be the case when it pertains to magazine circulations. Hopefully, magazine publishers will be able to control these fluctuating single-copy sales and adjust their circulations accordingly. This, in turn, will allow the media mavens at ad agencies to continue planning as usual. If not, more involved and in-depth analysis will be the medicine the doctor ordered. Let's see who follows the leader (i.e., *Reader's Digest*) so that this may not be necessary. ■

NEWSPAPERS
By GABE SAMUELS
Senior vice president, media director, J. Walter Thompson San Francisco

The trend can be reversed

"If you extend long-term share-of-market trend lines, it looks as though television could displace newspapers as the number-one advertising medium sometime before the turn of the century."

Strong statement!

It's even more so when you consider that in 1984 tv advertising volume accounted for 21% of the $85 billion total advertising spending in the U.S. vs. 27% for newspapers.

Before proceeding with some thoughts as to how, in this writer's opinion, the problem might be tackled, I'd like to ascribe a source for the above quote.

On May 8th, speaking at the annual membership meeting of the Newspaper Advertisers Bureau in Miami Beach, Harold W. Andersen announced a new industry-wide project to "improve the long-range position of the newspaper advertising business."

In order to carry out this project, the industry has formed a committee to be

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ABC audited circulation 7/85:	1,601,900
Median houshold income:	$33,500
Own Car:	99.5%
Took foreign trip last 3 years:	69.2%

Source: MRI, San Francisco ADI double base.

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Illustrations by Richard Rosenblum

Brand Report 127:
Automotive Aftermarket

Tuning up for greater profits

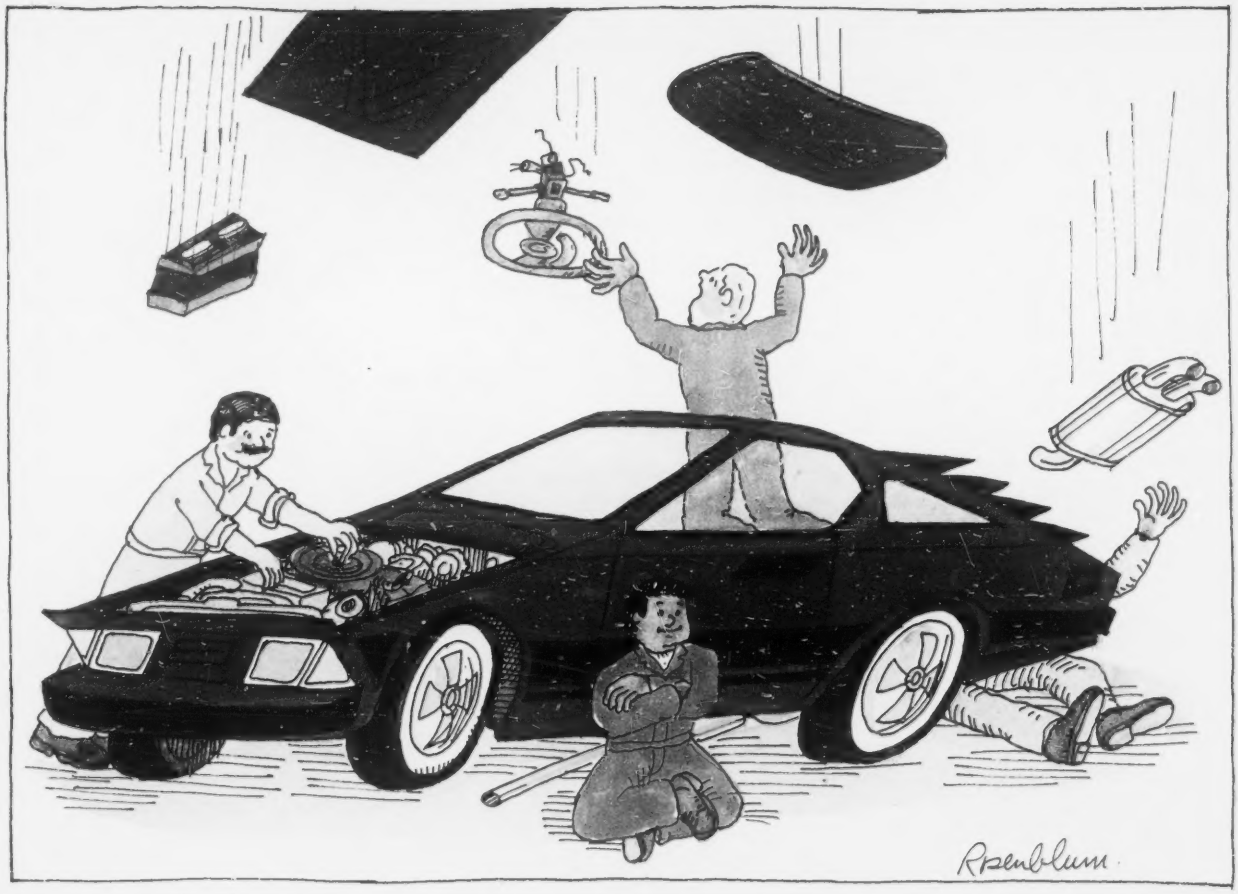
New car sales are booming and car makers are happy. But it's the older autos that are responsible for putting sales growth in fourth gear for much of the automotive aftermarket.

Existing cars are being driven longer — the average age is 7.2 years — and people are driving more miles in them. Add to that the fact that new cars are more complicated: Certain parts wear down faster and can only be fixed by a mechanic. The aftermarket, therefore, "is going to get bigger," James K. DeVoe, director of advertising at Goodyear Tire and Rubber, states flatly. "The car was redesigned. You can't fix it with a screwdriver anymore."

Tires, batteries and accessories clank, rattle and roll off assembly lines and into the automotive aftermarket to the tune of about $85 billion retail, including the servicing of cars. According to the research firm of Frost & Sullivan, that figure will grow to $116 billion by 1990. The bulk of that increase will come from the service and replacement parts businesses.

To the vast majority of consumers, however, the aftermarket is an afterthought they are about as keen on as having a flat tire or an engine that coughs when it should kick over. "It tends to be a negative purchase," one marketer winces.

But, in a seeming contradiction, it's an industry that is becoming more consumer-driven. As competition in almost every branch of the market heats up, its traditional channels of distribution are being reforged. The manufacturer-to-warehouse-to distributor-to jobber-to service station and car dealer-to consumer chain is being challenged. Now there are a growing number of



outlets that sell directly to consumers.

The creation of brand awareness, hence advertising, is taking on increased importance. A recent study conducted by the Newspaper Advertising Bureau showed that there is a window of opportunity for marketers where brand awareness is concerned. Of those asked, only 52% said they specified a brand the last time they bought spark plugs; only 42% specified a brand the last time they bought shocks.

"The aftermarket must be more consumer oriented," insists Ron DeFeo, vice president of marketing at Monroe Auto Equipment. "The days of the car population growing faster than the people population are gone."

Since 1973, the unwieldy aftermarket has changed dramatically and for a variety of reasons. The gas crisis and ensuing recession made people keep their cars longer. In the 1960's, people barely gave their existing models time to lose that new-car smell, buying new ones about every three years.

In addition, a growing number of consumers, looking to save even more money, began to make more repairs themselves. That trend was bolstered by the advent of self-service gas stations, making car owners feel more self-reliant (now only 28% of all gas sales are attended). The do-it-yourself (DIY) market has grown to where some estimate it represents more than 30% of parts purchases.

And something else changed. The 225,000 gas/service stations that, in 1972, dotted the landscape like auto oases, have since dwindled by 90,000. "We've now got a whole generation of people who are pumping their own gas and not relying on a station attendant to say 'Your tires look worn' or 'Your fan belt should be changed,' " says Val Corradi, vice president-automotive marketing at the Newspaper Advertising Bureau.

Reasons for Having Car Serviced at a Particular Place

Better service	34%
Good reputation	32
Like/know personnel	26
Less expensive	14
Good location	14
Other (car still under warranty, will guarantee work, better value, and other)	25

Source: Newspaper Advertising Bureau, Inc.

But other types of outlets and service centers were on the rise at the same time. According to the Automotive Parts and Accessories Association, the number of auto parts stores shot up 33% between 1980 and 1983 alone. They now number about 38,000. The number of drug stores selling parts rose 12% in the same period. Mass merchandisers, such as Sears and K mart, are increasingly important players, as are hardware and even grocery stores.

Despite all the DIY growth, service centers may show the most impressive growth in the future. "Cars have gotten smaller, lighter, more exotic and more electronic," explains Goodyear's DeVoe. The average new car's 15,000 parts are too sophisticated for most

owners to tinker with. Compare today's new car to the new car of the 1960's and, says Samuel M. McAllister, director of marketing and forward planning at General Motors Parts, "It's like comparing the Wright Brothers' airplane to the space shuttle." The use of electronics in the car goes beyond fancy dashboard do-dads like digital clocks. It includes things like fuel injection and spark plug timing. Says DeVoe, "People are going to be desperately looking for a qualified person to fix their car."

According to Leading National Advertisers, ad spending for the aftermarket — including tires, parts and accessories, and services — totaled about $112 million in 1984. But, according to the Newspaper Advertising Bureau, newspaper spending totaled a whopping $383.5 million, reflective of the tremendous amount of co-op ads the industry runs (usually in sports and classified sections). "There are a lot of new shooters in this business," says Corradi, a lot of whom — like drug chains, for instance — are veterans of newspaper advertising.

Good mileage from a big ad budget.

Tires

The growth of imports, design changes in both cars and tires, and even the weather have all contributed to hard times for makers of replacement tires for passenger cars. "The tire business is extremely competitive now," says a spokesman for Uniroyal. "There's over-capacity all over the world and especially in the world's biggest market — the United States."

Replacement tires did $13.8 billion in retail sales in 1984, according to *Modern Tire Dealer*, a trade book. Sales for the past four years fell a total of 6%.

Since the 1970's, better-performing, longer-lasting radial tires have overtaken the market and are expected to claim 80% of the market by 1988, according to Frost & Sullivan. A set can last for up to three years, as opposed to about 1.5 years for non-radials.

The replacement rate has also been slowed by the advent of smaller, lighter cars which are easier on a set of tires than their gas-guzzling predecessors. Even the weather has been the foe of tire makers over the last few years. Warmer winters and cooler summers than expected served to lessen tire wear and the need for replacements.

Of domestic companies marketing new replacement tires for passenger cars, **Goodyear**'s 15% market share puts it on top (all tire company market shares provided by *Modern Tire Dealer*, a trade journal). James DeVoe credits much of the company's success to its strong distribution system, which Goodyear supports with a national newspaper campaign as well as with a hefty co-op program.

Goodyear is also a great believer in promotional events, getting its name involved in about 300 regional happenings every year. And don't forget the blimps: Goodyear's three tour around the country and hover over big-name sporting events like the Olympics, the U.S. Open and the Super Bowl.

Leading National Advertisers says measured media expenditures for Goodyear in 1984 totaled about $33.8 million. DeVoe calls that "the tip of the iceberg," adding "that doesn't touch the fact that, for instance, we do two promotions a month in every major market, plus tv blitzes in 20 or 30 of the top markets." He says that the 1985 budget was increased somewhat over the actual 1984 numbers, and that 1986's will grow, too.

Goodyear also runs narrowly targeted advertising in a wide variety of enthusiast books, depending on the type of tire it wants to sell. Titles range

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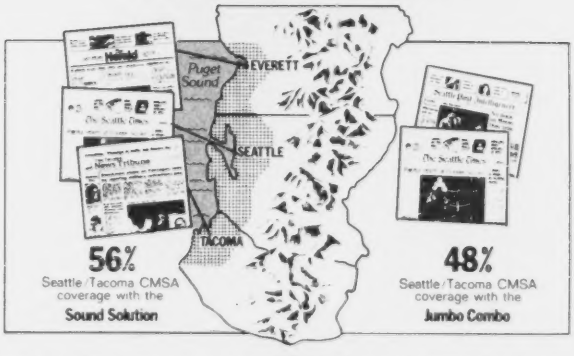

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SOUND SOLUTION

The Herald • The Tacoma News Tribune

See the Seattle Sound Unit in SRDS

Represented Nationally by Sawyer-Ferguson-Walker, Inc. • 1983 Scarborough

Media Expenditures (000)
Top Spending Tire, Parts & Services Companies*

TIRES	Total (LNA)	Mags	Network TV	Spot TV	Radio	Outdoor
Goodyear	$33,869.6	$5,231.5	$19,884.8	$9,161.4	56.8	$711.2
Firestone	$4,066.5	$3,441.7	–	$598.8	–	$26.0
Michelin	$12,760.6	$3,996.0	$7,989.6	$739.4	–	$35.6
B.F. Goodrich	$3,679.0	$3,478.7	–	$182.5	–	$17.8
Uniroyal	$5,032.0	$1,352.0	$1,686.1	$1,993.9	–	–
General Tire & Rubber	$341.4	$50.7	–	$119.0	–	$171.7
Bridgestone Tire	$3,593.0	$626.1	–	$2,966.9	–	–

SERVICES & PARTS	Total (LNA)	Mags	Network TV	Spot TV	Radio	Outdoor
Sears	$19,849.5	$ 97.8	$18,029.8	$ 970.8	$ 751.1	
K Mart	$8,605.3	$1,939.2	$4,233.3	$2,419.7	–	$13.1
Midas[1]	$46,000.0	–	–	–	$9,992.9	–
AAMCO	$15,617.6	–	–	$15,527.9	$5.1	$84.6
General Motors Parts	$15,415.0	$6,385.1	$8,487.4	$542.5	–	–
NAPA	$4,867.5	–	$3,425.8	$1,417.0	$19.0	$5.7
Monroe	$4,312.3	$650.9	$3,524.8	$126.7	–	$9.9
Champion	$3,560.5	$1,625.5	$1,515.1	$405.5	$9.0	$5.3

*Exclusive of newspaper spending which is largely done on a co-op basis.

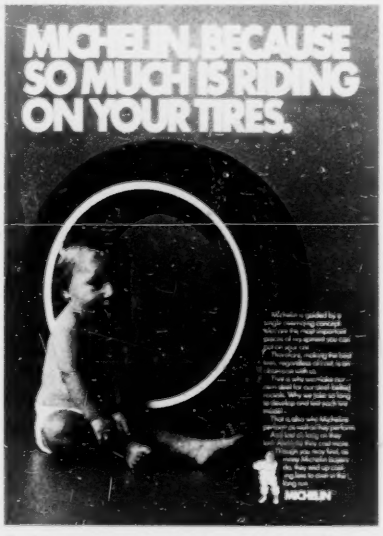
[1] Largely spent on spot TV

Source: Leading National Advertisers; Radio Expenditure Reports

from *Home Mechanics* and *Professional Rodeo Guide* (horse vans need tires, too), to sport books like *Field & Stream, Ducks Unlimited* and *Bass Masters*. More general audience ads appear in *Time, Newsweek* and *Omni*, among other titles, and some sports publications like *Sports Illustrated* and *Sporting News*. It targets some spot markets where tires make a big difference, as in the Snow Belt states. Its most mass-audience oriented ads, however, appear on network tv in sports and prime time slots. In addition, Goodyear is looking into buying more network radio in drive time than it already has.

Firestone Tire and Rubber, by all accounts, is pulling away from making tires and moving into the burgeoning services area with its Firestone Master Care centers. The company bought J.C. Penney's nearly 300 service centers in 1983 and some in the industry suspect it will no longer be making tires by 1990, a rumor the company has denied. The company has recently, however, closed one passenger tire–making plant and stopped that production arm at another.

Though the air has gone out of its ad expenditures in recent years, Firestone still ranks second in the replacement market with a 10% share. In 1981, LNA reports, the company put in $10.8 million, not counting newspaper co-op dollars, behind its ads. By 1983, that total had dropped to $6.2 million for measured media. 1984's figure showed a further decline to slightly more than $4 million, largely concentrated in magazines.



Babies: more important than dollars.

Sears, Roebuck is ranked third in actual sales, close on the heels of Firestone with a 9.5% share. The company markets the popular Allstate line. (See "Services and parts.")

Michelin Tire, which ranks third among tire makers, has seen its share drop somewhat over recent years to 7% in 1984. One of the prime developers of the steel-belted radial in the 1970's, the company had the upper hand over its competitors for a number of years. Now that radials are made both domestically and overseas by others, the Michelin Tire Man has his work cut out for him.

Despite the setback, says director of marketing Hubert Hannezo, Michelin is not considering any sort of diversification. Instead, Hannezo says the company plans to push for even more brand awareness with consumers, making sure they don't stop linking the name with "quality."

The company's 1984 ad budget, as tracked by LNA, totaled $12.7 million, a jump from the 1983 total of $4.8 million. New this year is the "Baby"

campaign from Doyle Dane Bernbach, shown on network television. Its message, says Hannezo, is "that the tire is one of the most important parts of the car." Featuring (what else?) babies, it points out that considerations of safety should be uppermost in the tire-buyer's mind, not price. It is a message that is in keeping with Michelin's on-average higher price and the company's rare use of promotions like coupons or rebates. The company feels the latter, says Hannezo, deteriorates image.

Michelin targets buyers who are 25- to 54-years-old and earn at least $30,000 annually. Though its ads skew more to men, Hannezo says, "Our philosophy now is to have a message that can be understood by both sexes." As a step in that direction, the company is sponsoring more sporting events that women enjoy, tennis and golf, for instance.

Michelin's print campaign goes into a number of business books — *Money*, *Business Week*, eg., in addition to more general interest books like *Time*. It also buys space in sports books, and runs in national papers like the *Wall Street Journal* and *USA Today*. The company does a lot of co-op newspaper advertising in local markets and a small amount of co-op tv. It also runs a spot for its all-weather tires on cable's Weather Channel.

According to Ron J. Caporossi, vice president of marketing services at **B.F. Goodrich,** "Advertising plays a subservient role in the marketing mix.

For Goodyear, the medium is the message.

While image is important to generating some [products'] sales, that's not so true with tires." Goodrich is the fourth-ranked replacement tire marketer, with a 4.5% share in 1984.

The company has stopped trying to compete with a broad line of tires, halting production of its farm, off-road and radial heavy-duty truck tires. Instead, it's concentrating marketing efforts on its high-performance lines. Some analysts think it may be getting ready to exit the tire-making business.

Caporossi says Goodrich's advertising concentrates on auto-oriented magazines like *Road & Track*, *Car & Driver*, *Hot Rod* and *Motor Trend*. But the company is putting more money into tv because motor sports are receiving more air time. Goodrich also narrowcasts on cable, aiming at fans of shows like ESPN's *Speed Week*. The company does some newspaper advertising through it dealer co-op program. Caporossi says LNA's 1984 total of $5.1 million is slightly low and that Goodrich will be boosting its spending somewhat in 1986.

Though **Uniroyal** claimed a 3.5% share of the new replacement market in 1984, the company's managers recently put its tire business up for sale. In a recent buyout, they took Uniroyal private and they need to generate cash to pay for the purchase. The company had already given up making truck and

Model of the 1984 Retail Automotive Aftermarket

Estimated Retail Sales ($ Millions) By Type of Product and Type of Retailer*

	Total	Car Dealers	Gas Stations	Repair Shops	Franch. Specialists	Auto Chain Stores	Tire Stores	Mass Mdsrs.	Jobber-Retailers
Services	$33,748	$ 9,577	$3,311	$12,670	$5,818	$ 447	$ 952	$ 650	$ 323
Replacement Parts	29,561	7,131	3,449	5,478	2,465	4,192	870	3,136	2,840
Tires & Retreads	9,278	56	839	48	—	1,358	5,072	1,840	65
Batteries	3,075	37	257	74	—	977	311	943	476
Accessories	6,591	650	20	18	—	2,960	745	1,911	287
Chemicals	3,014	284	341	47	4	1,183	28	962	165
Motor Oil	3,162	53	1,207	91	248	640	53	711	159
Total	$88,429	$17,788	$9,424	$18,426	$8,535	$11,757	$8,031	$10,153	$4,315
	100.0%	20.1%	10.7%	20.8%	9.7%	13.3%	9.1%	11.5%	4.9%

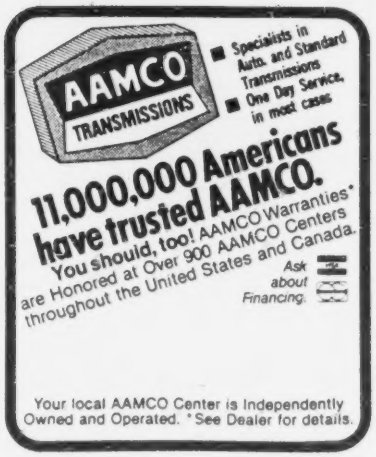
*Includes sales of installed products, services and over-the-counter sales of parts and accessories to do-it-yourselfers.
Source: Frost & Sullivan, Inc.

industrial tires, and has been concentrating on the passenger segment.

Uniroyal has three new people in its top marketing slots. Assuming it's business as usual in the future, a company spokesman says it is reviewing its marketing strategy from top to bottom. "All I can say is that what we've been doing, we're not going to be doing any more."

LNA reports a 1984 budget for the company of $5 million. It traditionally does very little television advertising, and then only sports programing. While enthusiast books get part of its ad budget, it puts a lot of its dollars towards newspapers. Uniroyal is considered an industry leader in using promotions. As for 1986 marketing plans, the spokesman comments: "The new guys are sort of throwing all the balls in the air. We don't quite know how they'll land."

Sixth-ranked **General Tire & Rubber,** with a 2.5% market share, steadily reduced its ad budget from $6.5 million in 1981 to $341,400 last year, according to LNA. That may change though as the company has new products and a new campaign to showcase. It also has a new agency — Hesselbart & Mitten — to help do it. D'Arcy MacManus Masius resigned the account after 69 years.


AAMCO
TRANSMISSIONS
■ Specialists in Auto. and Standard Transmissions
■ One Day Service, in most cases
11,000,000 Americans have trusted AAMCO.
You should, too! AAMCO Warranties* are Honored at Over 900 AAMCO Centers throughout the United States and Canada.
Ask about Financing.
Your local AAMCO Center is Independently Owned and Operated. *See Dealer for details.

Growth from more complex gears.

According to Raymond Evans, senior vice president of sales and marketing, General Tire is changing direction. It is trying to "go from one of being a staid, laid-back follower" to a company with a more action-oriented image, one known for its performance tires.

Evans says General Tire plans to continue offering a full range of tires, from the smallest passenger tire to the 10-foot diameter tires it makes for earth movers. The bulk of their advertising, though, will be behind their high performance passenger-car lines. Print ads for these tires are placed into books like *Car & Driver* and *Road & Track*, as well as *Hot Rod* and *Mechanics Illustrated*.

Bridgestone Tire has shown sales increases over the last couple of years but, says a spokesman, the company realizes that brand awareness for its tires is still low. The company, ranking among the top world tiremakers, has a mere 2% share of the U.S. market, where it has been a presence since 1967. It has only marketed itself very actively for the last five years and is still working to build up its distribution network.

Though LNA reports a $3.5 million budget for the company in 1984, the spokesman says that is low. Advertising dollars were increased in 1985 and will go up again for 1986, to within the $6 million-$10 million range, he says. These totals are exclusive of co-op arrangements, which are a considerable addition.

Bridgestone did a lot of spot radio advertising in 1985, far less local tv. Like a number of its competitors, the company is active in motor-sports sponsorships. It goes into some tire trade books — *Modern Tire Dealer* and *Tire Review*, for instance. The company also did a small amount of advertising in *Time* magazine and bought some co-op space in *Playboy*.

Services and parts

The entry of mass merchandisers into not only the replacement parts sector of the aftermarket, but also the service-center arm of the business is an important element of the aftermarket's change. Large retailers like Sears, Roebuck and K mart are powerful forces to be reckoned with.

One **Sears** network spot points to its auto centers and proclaims: "Here's where you get your confidence installed." The company says its "core" audience for its auto center advertising — mostly network tv spots — is the

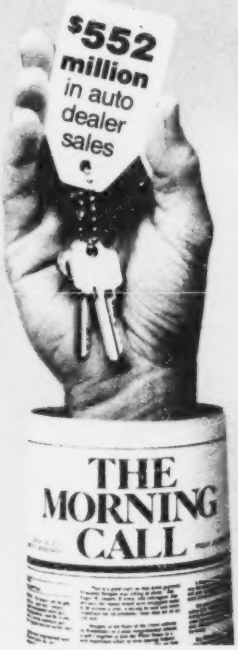
Your Strongest Selling Arm

In Pennsylvania's 3rd richest market

The four-county Allentown-Bethlehem MSA. Just a short drive north of Philadelphia, you'll find this $6.8 billion market on your road map. A rich market not covered by Philadelphia-based media. Only The Morning Call delivers:

—57% daily coverage of 495,000 MSA adults

—66% Sunday coverage



—Penetration into five additional counties

—A C.P.M. far less than any other daily reaching into our circulation area

—Simply the most efficient vehicle to steer automotive sales in your direction

The Morning Call
Allentown, PA
(215) 820-6634

Represented by Cresmer, Woodward, O'Mara & Ormsbee, Inc.

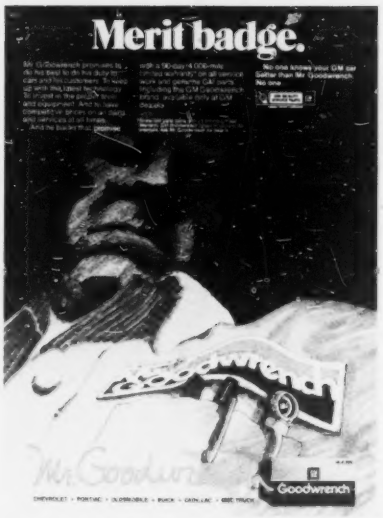
30 million consumers who hold Sears credit cards. LNA reports it spent over $20 million in 1984 to reach this audience as well as the general population.

Sears puts its name on several lines of products made by other companies and advertises them in spots that mention a number of its auto products. Even with a shared-spotlight arrangement, though, the Sears Diehard battery is said by some analysts to hold a 40% share in its market and Allstate tires are ranked the third best-selling U.S. Tire. The company makes Steady Rider shocks and Muzzler mufflers, as well.

Network spots for these products and the service centers air during sports shows and prime time, as well as during some late-night shows like *Saturday Night Live*. Print receives a small portion of Sears' automotive dollars, though some of its specialty items — like RV batteries — go into a selection of buff books.

In terms of merchandising, Sears has revamped its auto parts departments and reorganized items so that related merchandise is displayed together. The waiting areas of its automotive shops have been spruced up. Menu boards list the services available and how much they cost. The shops also installed key drops, making it possible for a customer to drop off his car for servicing even when the shop is closed.

About two-thirds, or 1,700, of **K mart**'s stores have auto service centers



Nuts-and-bolts from GM Parts.

on the premises. But, according to Robert Bleakly, senior buyer/automotive parts and accessories, only 10% of K mart's total ad budget goes to advertising service on network tv. The company is making an effort to aim those ads, however, to a male/female audience: They are "more generic than the usual greasy-fingers approach." Its service centers are mainly advertised in newspapers, he says, where they run ads for specials.

The company's parts ads are incorporated into its corporate tv ads, and are also advertised in a wide range of magazines, including *Field & Stream, People, Popular Mechanics* and *Popular Science*. Parts are also given a heavy run in newspapers. Bleakly says that LNA's 1984 figure of $8.6 million is "substantially too low," but that the actual figure has and will remain fairly steady.

Chains of specialty shops, whose marketing strengths lie in lower prices and speedy service, are an area of future growth for the aftermarket. In this arena, **Midas International**'s Midas touch is at least partly attributable to its huge advertising expenditures — $46 million, according to parent-company IC Industries' annual report. Though the bulk of that is spent on spot tv, Radio Expenditure Reports show over $10 million going for radio spots. The company and its 1,415 franchisees have good reason to feel the money is worth it. They control 25% of the specialty store segment of the market, a portion that has grown 50% over the last six years, according to *Muffler Digest*, a trade book.

Midas, which also installs parts like brakes, shocks and suspensions, pulled off a marketing coup over the last couple of years by offering low-priced "economizer" mufflers, guaranteed for one year. Now, says one observer, the company is focusing less on price in its "Trust the Midas touch" ads, putting more emphasis on quality and reliability.

Aamco Transmissions's 900 outlets just deal in transmissions — and their more than 300 moving parts. The growing number of front-wheel drive cars (a fuel-economy measure) and the increasing complexity of transmissions

Serving The Greater South Bend Area

South Bend Tribune

Test Marketing expert states:

"SOUTH BEND AMONG 8 CITIES RANKED THE MOST AVERAGE OF THE AVERAGE"

According to a leading ad agency's Senior Vice President, Media, "Some cities may have been overworked as test markets...and could have become jaded...and therefore display atypical reactions.

"And the census data show dramatic population changes in others.

"As a result," he continued, "we dropped 17 cities from our list of recommended test markets, added 18, and still name South Bend among the 8 cities we consider the 'most average of the average' – a sort of Middle America honor roll of test markets."

For the facts and figures that make South Bend the ideal test market for your product or service, write now or call for your copy of the *South Bend Tribune's 1985 Market Data book.*

Serving The Greater South Bend Area

Albert E. Petersohn, General Advertising Manager, South Bend Tribune, South Bend, Indiana 46626 • 219/233-6161 • Represented Nationally by Cresmer, Woodward, O'Mara & Ormsbee, Inc.

Last year, NAPA sold two auto parts for every man, woman, child... and dog in America.
All the right places.
All the right parts.
NAPA
All the right parts in all the right places.

NAPA's whole is the sum of its parts.

themselves have meant continued growth for this company. According to Aamco, 16% of all cars on the road will need some kind of transmission work next year.

Charles Jacoby, Aamco's director of advertising, says the company is one of the top ten Yellow Pages advertisers in the country. The company will spend at least $4 million on YP ads in 1986, he says, and about $18 million on spot tv and radio ads next year. "Advertising is critical for us because the market is so small at any given moment," comments Jacoby. Cunningham & Walsh has created two new creatives for their tv ads. Based on the theme of dependability, they highlight the fact that Aamco works on a lot of municipal fleets — fire trucks, police cruisers, etc.

General Motors parts and service division, which supplies only dealers of GM cars, spent $15.4 million on advertising in 1984, according to LNA. That may change, though, as GM began airing a new campaign, created by D'Arcy McManus Masius, in October. "Its philosophy is the same as the Mr. Goodwrench ads," says Samuel McAllister, GM Parts' director of marketing and forward planning. "But we found that this guy who always smiled and didn't have a spot on his clothes or any dirt on his hands wasn't believable. The ads practically showed customers throwing roses out the [car] window as they drove away."

Though it is still identifying itself with Mr. Goodwrench, the company is canning the "Get that great GM feeling" slogan and substituting: "No one knows your GM car better, no one." McAllister adds that there will now be one idea per commercial: one ad emphasizes the mechanic's training, for instance, and one highlights the equipment he uses. Five new spots will be debuted over the course of the year. A range of broadcasts will be bought into: the World Series spot buys for golf, football and the *Wide World of Sports* for instance, and auto racing on ESPN.

Even the print ads will be different. With the words "Designer Label" printed boldly across the top of each, they emphasize that a GM part is part of a total GM auto system. *Newsweek*, *People*, *Reader's Digest*, *Working Woman* and *Outdoor Life* are among the print titles the ads will appear in.

National Automotive Parts Association (NAPA) is the biggest example of another industry-shaping trend: the banding together of warehouse distributors and jobbers. By establishing themselves as volume buyers and forming marketing programs, they are able to compete with the larger players in the industry.

NAPA comprises 6,500 parts stores and sells to every type of outlet from service stations to DIY's to Sears to municipal fleets, says president Bob McKenna. The organization is trying to raise its level of visibility and image of quality through its ads, he explains, so that seeing a NAPA sign at a dealer will be like "seeing the *Good Housekeeping* seal or going into a sewing center and seeing a Singer sign — you'll figure these people can't be all bad."

Monroe's futuristic ad for shocks.

NAPA will be going into *Reader's Digest* next year in an attempt to speak to a wider audience. It also advertises in *Sports Illustrated* and outdoor books like *Field & Stream*. McKenna says they also go into "screwdriver" books (i.e., *Popular Mechanics* and *Mechanics Illustrated*) and buff books like *Motor Trend*. NAPA's $3-$4 million radio budget is spent on spot markets, as is its approximately $5 million newspaper budget. The Association does do some national tv advertising in some prime time slots, and late and early fringe. McKenna says that the

Champion: profits aren't sparking.

combination of local and national advertising probably puts NAPA's total budget in the neighborhood of $20 million.

Of companies that specialize in supplying a narrow range of products to stores, the **Monroe Auto Equipment** division of Tenneco Automotive is kicking up its 1986 ad expenditures significantly from the 1985 level, probably up into the $6-$10 million range. According to Ron DeFeo, vice president of marketing, "We're going back to developing an image over boosting a particular product." Monroe supplies about 50% of the shock absorbers and struts sold in the "ride improvement market," he says.

The market is in transition now, as sales of shocks are declining and sales of the more expensive, better-riding struts grow at about 35% a year. And, says DeFeo, another innovation, the electronic suspension system, is about to make its influence felt. This "smart" system allows the driver to set the car for a range of rides — hard to soft — and have the system constantly adjust the ride.

"The vast majority" of Monroe's advertising budget will be spent on television, a change from the past when it went into a variety of buff books as well as onto network radio. It also appeared on cable — pro-bowling, wrestling and boxing — and on some network news and sports shows. He says the precise media strategy has not been decided on yet, but predicts that the average consumer will see three to four more Monroe spots in 1986 than in 1985. The company plans to continue its "very lucrative" co-op newspaper plan that, in past, totaled 70% of the network tv budget.

"Our biggest marketing hurdle is the apathy on the part of the consumer," complains Dick Kudner, vice president, advertising and merchandising at **Champion Spark Plug.** "They think they can run their car forever without maintaining it."

With a 40%-42% share, according to Frost & Sullivan, Champion is the market leader in a plug market that's lost its spark. One culprit is the plugs themselves: New copper cores make them last longer and work better. The switch from leaded to unleaded gas in the nation's cars has hurt, too, because leaded caused more frequent plug changes. The company's "Nothing sparks like a Champion" slogan now appears in ads that point out how a car that starts well promotes fuel economy and a cleaner exhaust.

Kudner says that current car design makes it easier to change your plugs: "You used to open up the hood and it looked like spaghetti under there." With about 50% of all drivers now changing their own plugs, the DIY market is important to them and so is building a consumer franchise. The company's ad budget came in at about $6 million for 1985, he says, and went towards network tv (*Wide World of Sports*, pro and college football, eg.), spot radio and co-op newspaper advertising. The company also produces an entire car care newspaper supplement. As for magazines, the Champion campaign runs in books like *Field & Stream* and *Sports Afield*, he says, because they have high DIY readership. Their target audience for spark plugs is 80% male.

Carol Hall

If you
have a message
for people who travel,
Home & Away
will deliver it.

Home & Away Magazine delivers your important travel messages to over 1,400,000 loyal AAA subscribers in nine mid-American states, and an astounding 70.4% tell us they never miss an issue.

Of our 1.4 million, 39.4% travelled on a commercial airliner during the past 12 months. An impressive 22.3% of our households have one or more valid passports.

And why is it these globe-trotting H&A subscribers have the time and money to travel? A remarkable 75.7% no longer have children living at home. This means more discretionary income to spend on luxuries.

When you need a cost-efficient buy in a travel magazine, and you can't afford to waste circulation, test your ads with us, We deliver!

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LOUISVILLE, KY · Dick Carlin (502) 425-5337
MINNEAPOLIS · Lou Reeve (612) 890-2500
CANADA · Multi-Midia Sales (416) 782-0320
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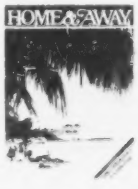
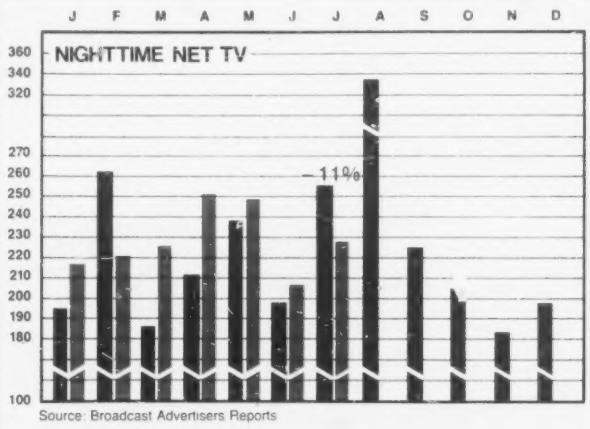


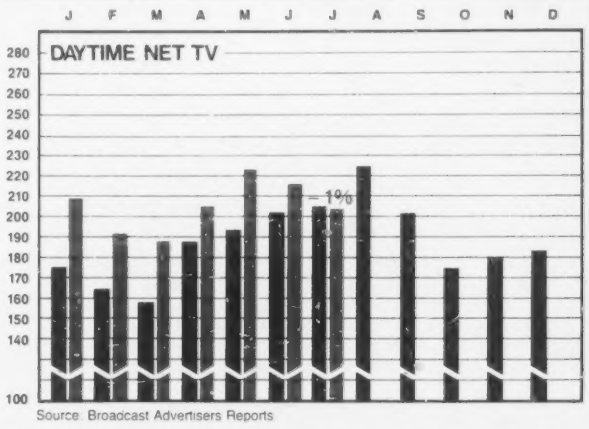
Source: Home & Away Subscriber Survey/March 1985
Mark Clements Research Inc./New York

MEDIA COST INDEX

Black bars index for 1984; color bars 1985; base year 1977



Source: Broadcast Advertisers Reports



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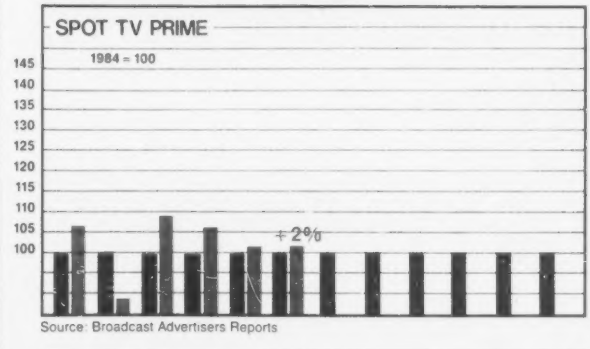

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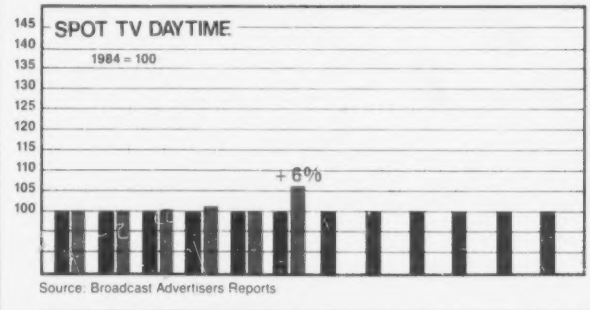

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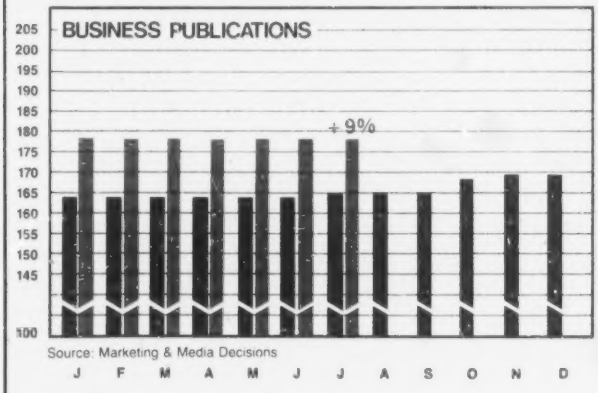


Source: Marketing & Media Decisions

The summer rerun doldrums finally caught up with **television** advertising rates in July, driving **nighttime network tv** rates down by 11% and **daytime network tv** rates down by 1%.

It should be remembered, though, that this data, from Broadcast Advertisers Reports, reflects some extraordinary rate increases by tv in 1984. July of last year saw nighttime rates shoot up by 43%, while daytime rates increased by 21%. This year's rates were thus considerably above those of 1983. The rate decreases also continued the roller coaster ride that tv has been on all year, with nighttime rates decreasing by as much as 16% in February and going up by as much as 19% in April.

Elsewhere, rates generally held steady at the increases they have seen for the last few months. **Outdoor** rates, for instance, were up by 7%, just as they have been every month this year, according to the Institute of Outdoor Advertising.

Turning to print, the only real change was in **newspapers** which were up 8% in June, according to the Newspaper Advertising Bureau. **Consumer magazines** held at the 8% increase in rates they have had since February. This figure is based upon the composite total of a four-color page in 40 magazines, as compiled by the Magazine Publishers Association.

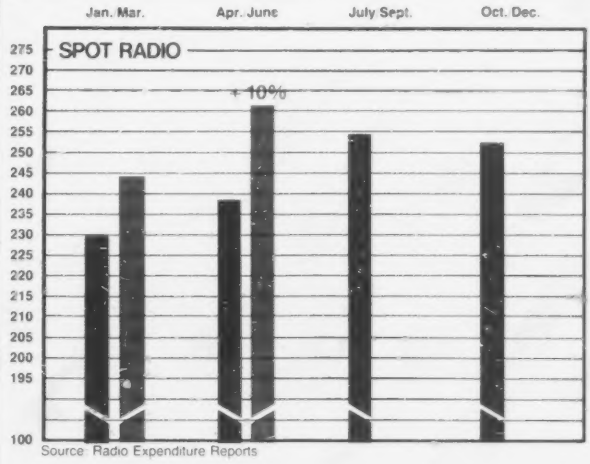
Business publications were up 9% in July, the same rate they were at for the entire second quarter of this year.

National Sunday magazines were up by 11% for the fifth straight month in July, a figure that will probably hold steady until September, when the replacement of *Family Weekly* with *USA Weekend* should make a difference.

Spot radio and **spot tv** rates are compiled on a quarterly basis, and thus are not available yet for July.

MEDIA COST INDEX (continued)

Black bars index for 1984; color bars 1985; base year 1977



Source: Radio Expenditure Reports

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

Sources:

Nighttime Network TV — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio — Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

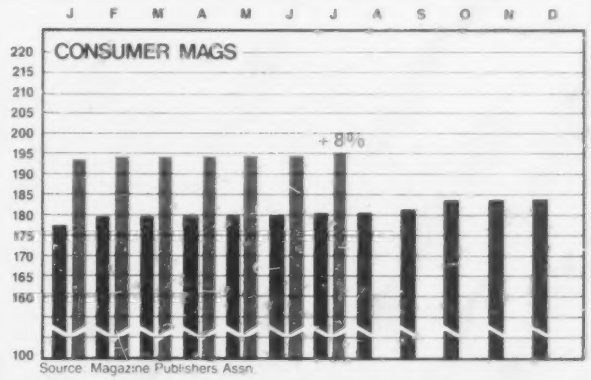
Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

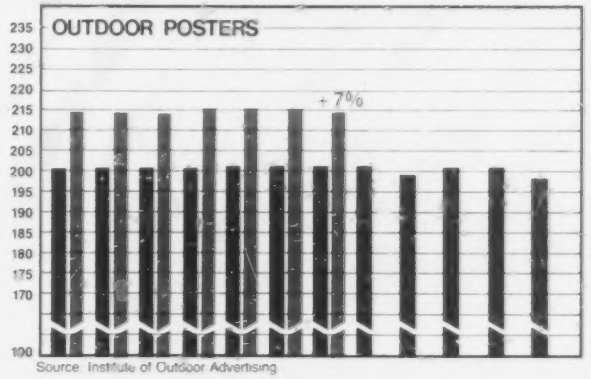
Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

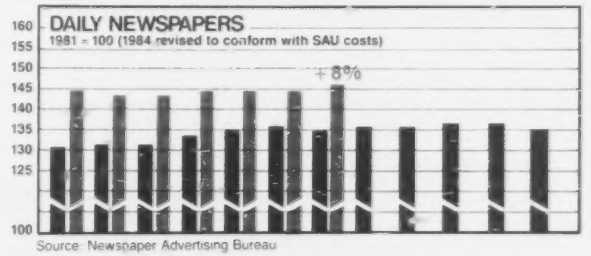
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.



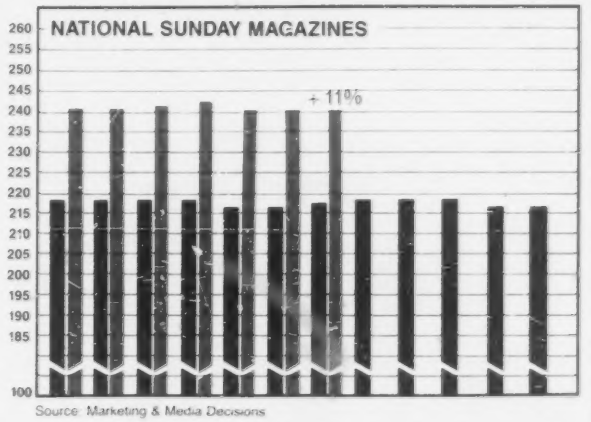
Source: Magazine Publishers Assn.



Source: Institute of Outdoor Advertising



Source: Newspaper Advertising Bureau



Source: Marketing & Media Decisions

BASIC CABLE: *Continued from page 60.*

results were extraordinary versus what our results would have been using the a nonsegmented approach; a 30%-50% higher response rate."

Group W, a subsidiary of the Westinghouse Corporation which is currently contemplating selling off its cable division citing lack of profitability, is attempting to counter the tendency of drop-off in pay subscription and cutbacks in multipay packages. It is aggressively pushing basic to keep retention rates high and going after 'resisters' to increase its basic-to-homes-passed ratio. In its 135 systems (3.8 million homes passed, 2 million subs), the company is employing a program-specific strategy to retain subscribers and attract new ones.

> **"There are tremendous attitudinal problems about tv . . . Our task is to convince people that cable is not for couch potatoes."**
>
> SCOTT WILLS
> president,
> Wills & Evans

To inform subs and potential signees, Group W sends out monthly marketing and promotional kits which systems can use in print, radio and direct-mail ads to highlight specific program titles. This approach, particularly valuable for customer service reps, will address "what we as an industry on whole have done a poor job of — telling people what shows they can watch on basic," claims Richebourg.

In addition, Group W relays over satellite feed on a monthly basis a master reel of tv spots that are cross promotions highlighting shows on the basic and pay channels. This reel also helps local systems achieve their objective of no unsold avails, says Richebourg. "In all our systems that have local insertion capabilities (about 75% of the systems), they can also run those spots for local avails, which help in retention when subscribers know what is on the channels. And it will also generate new subs, who by word of mouth hear this kind of information."

This fall the company started a direct-mail, direct-sales campaign, customized for each of its systems, that is aimed at basic acquisition through the highlighting of program services. On the operations side of marketing, Group W established a relationship with Donnelley Marketing to obtain segmented lists for target approaches.

Responsible for the marketing strategies of its 37 systems in 18 states, (1.3 million homes passed, 900,000 subscribers), United Cable Tv's Kovacs relies on his packaged goods experience to perform situation analysis, which, he claims, "is the basis of any marketing plan." That involves identifying what the sub-groups are, which are the most likely or least likely to take the service, using census tract and block information, secondary sources like Nielsen, focus groups and segmentation studies for each system.

In one test of market segmentation, Kovacs targeted seven cable systems in the San Francisco Bay area and identified on a census block basis those households which fit the profile of pay subscribers but who were not current cable subs. United offered them free installation, free cable for a month plus a free month of Showtime. The result: a 17% acceptance level, significantly higher than the 3-5% acceptance rate using a non-differentiated campaign.

In its Boise, Idaho, system, United surveyed cable's high-interest segment and developed the system's first comprehensive marketing strategy: a direct-mail, telemarketing and radio campaign which included a sweepstakes offering of a pre-Christmas prize of a several thousand dollar gift certificate to a local department store. The task required setting up a sales force structure and incentives: $7 a unit sold plus a prize to the highest seller. In three weeks, 7,500 units were sold representing 4,500 subscribers, or 9% of the targeted audience.

An MSO which is taking a different tack to attract subscribers and retain existing subs is using VCR's as bait. Jones

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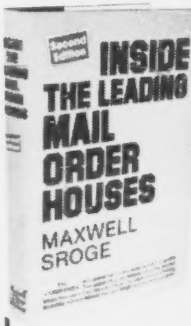

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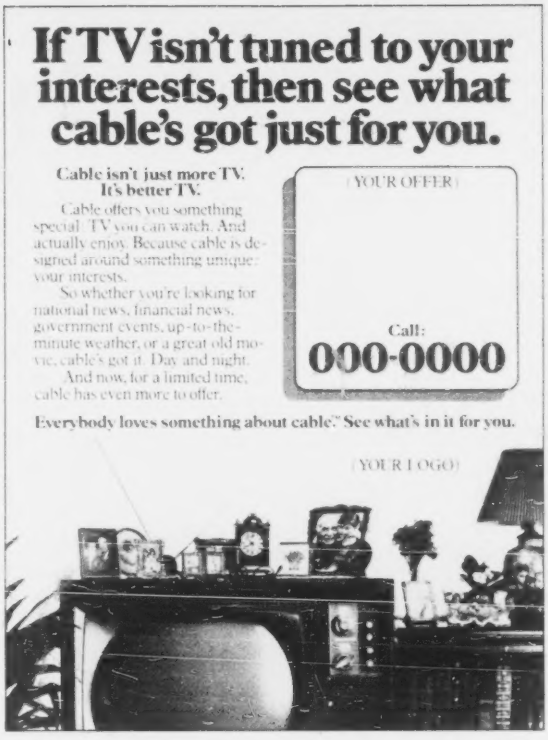
Cable's message in this industry advertisement: We're not just more tv.


If TV isn't tuned to your interests, then see what cable's got just for you.
Cable isn't just more TV. It's better TV.
Cable offers you something special. TV you can watch. And actually enjoy. Because cable is designed around something unique: your interests.
So whether you're looking for national news, financial news, government events, up-to-the-minute weather, or a great old movie, cable's got it. Day and night.
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Everybody loves something about cable. See what's in it for you.
(YOUR LOGO)

Intercable offered, on a test basis, a VCR/cable package to 50,000 of its subscribers in four regions. For an average monthly price of $44.95, a subscriber can receive basic cable, plus two pay service, plus a VCR. "We were motivated by the proliferation of VCR's which raised questions in the cable operators' minds about the effect of VCR's on cable. We came to the conclusion that we are better off having the VCR in the cable home to aid in retention and to keep the viewer satisfied," says marketing director Scott Campbell. "After all we are in the entertainment business and we should take a look at whatever new technologies come along for potential integration into our marketing."

The striking down of the "must carry" law will be of particular benefit to those cable systems with limited channel capacity in its freeing up of space for basic services. The news of the law's rescinding is met with enthusiasm by the basic networks who are hustling for recognition of their individual worth. "The waiver of the must-carry will open up space as cable operators shed duplicative channels," says Lifetime's Lawrence Rebich, vice president of marketing. "There will be no reason to carry multiple affiliates when you really only need one. That leaves open cable-originated programing. Most of the systems that will benefit will be the 12-channel smaller systems, which still abound nationally. It's not clear yet what the full opportunity for basic networks will be."

But what is clear is that more channel space means more programing to lure non-subscribers into the cable universe. And with sophisticated marketing techniques and quality programing, basic cable could fulfill the cable industry's promise to the people.

Judith Reitman

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